

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7854**

**BILL NUMBER: HB 1573**

**DATE PREPARED:** Feb 16, 2001

**BILL AMENDED:** Feb 15, 2001

**SUBJECT:** CPAs and public accountants.

**FISCAL ANALYST:** Chris Baker

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**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill defines "attest", "compilation", and other terms. It provides standards for: (1) the certification in Indiana of a person who is certified as a CPA in another state and makes Indiana the person's principal place of business; and (2) the practice in Indiana of a person who is certified as a CPA in another state and whose principal place of business is in another state. This bill also makes changes concerning accounting practitioners and public accountants. It allows the issuance of a CPA firm permit to a CPA firm that has a member who is not a CPA under certain circumstances. The bill imposes a requirement that a firm without a permit issued in Indiana may issue a compilation report only if the person signing the report is a CPA or public accountant and meets the competency requirements provided in applicable standards. This bill requires the Board of Accountancy to investigate complaints concerning violations committed in another state by a CPA licensed in Indiana. The bill also requires the Board, before July 1, 2002, to establish a written test to be taken by an applicant for an accounting practitioner certificate. This bill also requires an applicant for an accounting practitioner certificate to have two years of experience prescribed by the board. It provides that the minimum education requirement for an accounting practitioner certificate is a two year associate degree from an accredited business college, college, or university recognized by the Board, with the total educational program to include an accounting concentration or equivalent. The bill allows individuals who meet the new two year requirements to take the accounting practitioner exam after July 1, 2001. This bill makes related changes.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) The Professional Licensing Agency could experience additional expenditures if more certifications or firm permits are processed as a result of this bill. In addition the Agency may accrue additional printing expenses for the changes in education requirements for certification of an accountant practitioner (AP). As of August 2000, the PLA employed 50 authorized full-time staff members. Two of the positions at the time were vacant. The vacant positions were an attorney and a secretary. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will

depend upon legislative and administrative actions.

**Explanation of State Revenues:** (Revised) There could be an increase in revenue from fees associated with accountancy as a result of this bill. The possible impact is indeterminable and depends on the amount of out-of-state accountants with substantial equivalency in licensing requirements with the accountant's home state of certification/licensure applying for certification in Indiana. Accountancy firms could also be permitted by the PLA if the firm was owned or had members of the firm not certified in accountancy, such as tax attorneys.

Currently AP's are administered an examination incorporating parts from the Certified Public Accountant examination. As amended, the bill requires the Board of Accountancy to adopt an exam specific to AP's, if one exists, or develop an examination. If the Board developed a new examination, there would be a cost for the development and implementation of it.

The Professional Licensing Agency reports as of December 2000, there were 6,314 certified public accountants, 149 public accountants, 15 accountant practitioners with active certifications, and 496 firms with active certification, license, or permits. Fees are as follows: firms \$20; CPA first year of cycle \$45, second year of cycle \$30, third year of cycle \$15; reciprocity \$50. If the 149 public accountants renewed their certification as certified public accounts upon expiration, an additional \$6,700 in revenue could be generated.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Professional Licensing Agency, Board of Accountancy.

**Local Agencies Affected:**

**Information Sources:** Professional Licensing Agency.